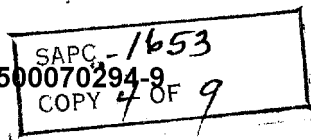


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22 August 1955

Dear Bill:

Although we have had your proposal dated 18 June 1955 for some time, we have refrained from commenting pending a final settlement of the employment agreement with Kelly's people. This is now in final draft, and we have a good general idea of the type of agreement and conditions we would consider advisable to incorporate in such a personal service contract.

In general, our thoughts include the payment of a base salary plus a completion bonus for personnel who fulfill the terms of the employment contract. We also believe that a salary hold-back is desirable for two reasons: (a) As a reserve fund to cover the cost of return transportation from overseas to the place of residence in the event that the contract should be terminated by the individual employee or by the employer for cause; and (b) this salary hold-back serves to build up a lump sum which, when added to the completion bonus, provides the individual employee with a sizable sum of cash upon his return to the United States. We seem to be in agreement on the desirability of each of the above two points, recalling our discussions in June. There now remains the business of arriving at mutually agreeable amounts which will serve the basic purpose of attracting and retaining the caliber of personnel needed for the contemplated period of the contract.

A few specific points which we have noted and believe you may wish to consider further:

A. On-Site Training: We would suggest that salaries for personnel while at the training site continue at the same level as in-plant training salaries and that a per diem rate of \$9.00 per day while at the training site be granted. This would then be in line with Kelly's group and would actually provide personnel with approximately the same rate as you have proposed through the medium of salary increases.

B. Overseas Remuneration: We are agreeable to the total remuneration suggested for your several categories of employees, assuming that the individual is currently being paid the in-plant base salary indicated. We do feel, however, that terminal bonuses are on the heavy side, and would prefer raising the basic overseas salary to compensate for a reduction in the bonus. Then too, by raising the basic salary, we feel it should also be possible to provide for a

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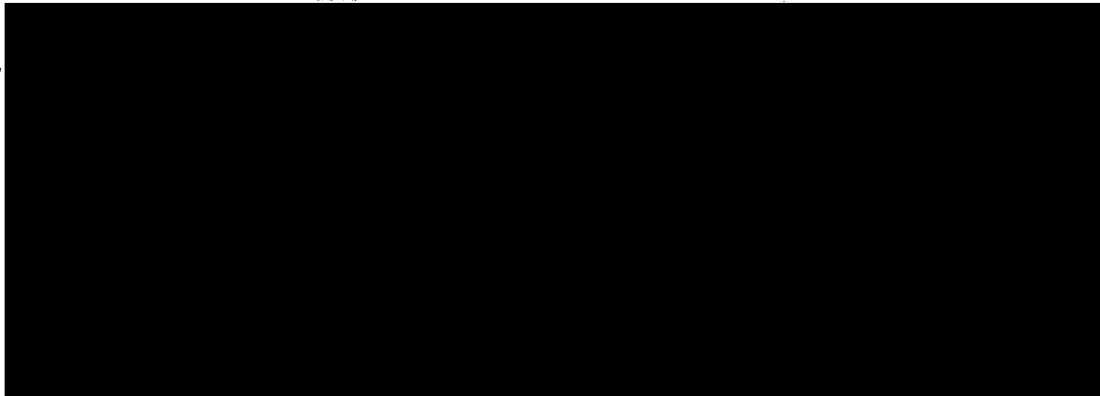
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larger salary hold-back; the reduced bonus plus a larger hold-back would still provide sizable termination payments. In figures, our suggestion is something similar to the following:

<u>Category</u>	<u>Base Salary</u>	<u>Monthly Hold-Back</u>	<u>Overseas Diff. (Bonus)</u>	<u>Total payable 18 Months</u>
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C. Agreement of Employment: In Section 5c of the proposed agreement, you indicate that salary payments will be made semi-monthly. This is a matter which [REDACTED] will discuss with you this week, and we would hope to be able to work out arrangements whereby similar methods of payment for contractor's employees may be made with all basic contractors.

In Section 6 we note that "subsistence will be furnished to the employees when away from the factory". It is, of course, understood that subsistence will not be furnished employees when in a leave status.

Section 7b speaks of a "bonus". We would prefer to substitute the term "overseas differential" wherever appropriate.

In Section 6a you provide for a mid-contract leave period of two weeks, which period must be spent in the United States, if so specified by the company. You also provide for a week of plant indoctrination immediately preceding or following such two weeks vacation. Our present discussions with other contractors revolve around a mid-contract leave of four weeks, and we believe it desirable that such home leave be consistent between employees of each of the several contractors. Inasmuch as the employee will actually be in his home area while undergoing such in-plant training, we would suggest that the allowance for leave be increased from two to three weeks with the further understanding that a fourth week will be spent in such training at the plant as may be desirable. It should be further

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understood, of course, that any leave granted will be at the discretion of the local base commanding officer or his duly appointed representative insofar as time of departure is concerned.

We also realize that many employees will be stationed in areas to which they have never before traveled, and will quite probably desire to visit points of interest in the area. Our present thinking is that individual requests for leave will be granted when the employee is not required for duty, but all personnel must be on call if operations so dictate. We are, therefore, considering the possibility of providing for approximately eight days of local leave per month (to include week-ends) which could be utilized by the employee at times when circumstances might permit his absence from the base. This would be spelled out in suitable language in the employment contract. Although it is expected that personnel should be able to utilize such leave during the contract period, any substantial amount of accrued leave that the employee could not use due to operational requirements would be paid off at the conclusion of the contract.

We realize that you are most anxious to firm up your actual recruitment and we have no objection to discussions along the lines set forth above. We would appreciate your redrafting the employment contract and returning it for final approval before actually showing it to any candidate, but meanwhile we think it advisable for you to go ahead with preliminary interviews. Contractual matters having to do with format, burden, etc., will, of course, be gone into during later contract discussions by the appropriate component of our organization.

Sincerely,

Jim C.

Cy 1&2 - [REDACTED]

FOIAb3a

- 3 - PO
- 4 - AO(Fin)
- 5 - [REDACTED]
- 6 - [REDACTED]
- 7 - PROJ. DIR.
- 8 - Reading
- 9 - Chron.

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